

Douglas targets out-of-control costs

Democrats steer focus to health

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MONTPELIER — Gov. James Douglas made it clear Thursday that he is moving beyond fundamental health care reform as his top priority, telling the Legislature in his State of the State speech that the cost of housing, education and property taxes are out of control.

"As Vermonters, we are proud of our great state," Douglas told a joint session of the General Assembly in a 40-minute speech punctuated by applause and Republican-led standing ovations. "I know that Vermont can and must do even better. We must especially do better to make Vermont an affordable place to live, work and raise a family."

The most vociferous reception was reserved for retiring Sen. James Jeffords, the Vermont independent who stirred a national political uproar when he left the Republican Party. The senator rose twice from his seat in the well of the House to wave to the crowd, which was clapping and whooping loudly in support.

Douglas even stopped midway through his speech, his longest to the Legislature, specifically to recognize Jeffords.

The governor outlined an agenda of affordability for his fourth Legislative session that relegated health care to merely a component. And he did so in a speech that managed to pay homage to the National Guard, to Vermonters who volunteered time and money for the victims of the Gulf Coast hurricanes, and to a Vermont company that has been able to expand its operations.

He proposed placing spending caps on education budgets, reducing property tax loopholes and a freeze on a planned increase in the income-sensitivity threshold.

He also will seek to eliminate the education property tax on active farmland, and will ask the Legislature to strip public funding for prekindergarten education.

He will propose slashing the statewide property tax rates by 4 cents for the budget year beginning in July, and by at least another 10 cents the following year.

"If we expect to keep Vermont affordable for Vermonters, we must act now to dramatically curb the unsustainable growth in property taxes," Douglas said to a round of applause. "These measures to stem skyrocketing property taxes will keep more hard-earned money in the pockets of Vermonters, where it belongs."

Democrats immediately poured cold water on Douglas' plan to cap education spending and tinker with the income-sensitivity provisions of the statewide property tax, calling it an irresponsible tax hike.

"Gov. Douglas has identified the property tax as a serious burden. We agree," House Speaker Gaye Symington, D-Jericho, said in her response to the address. "But while the governor has named the problem, he has not offered a real solution. To impose top-down, state-knows-best, cookie-cutter spending caps ignores the real pressures on school budgets."

Perhaps the governor's most ambitious proposal, however, was the creation of a 15-year, \$175 million college scholarship program that will offer tuition assistance to more than 12,000 Vermonters to attend any of the state's two dozen colleges and universities.

The scholarships, which would give students up to half off the cost of tuition, would be funded chiefly by a \$13 million-a-year boost over 10 years in the state's share of the national tobacco settlement.

"Vermont has more colleges per capita than any other state," the governor said. "Still, sadly, Vermont leads the nation in the percentage of high school graduates who leave their state to go to college."

Under his plan, students who agree to live and work in Vermont for three years after graduating would have the assistance treated as a grant. Otherwise, it would become a loan.

The plan was relatively well received by Democrats, particularly Symington, who will be sending three children to college in the coming years.

"I applaud the governor's higher-education initiatives," she said. "It won't take much convincing to bring us on board with an initiative that improves Vermont's record of supporting higher education."

College administrators praised Douglas' plan. "Douglas should be commended for his vision," said Robert Clarke, the chancellor of the Vermont State Colleges.

University of Vermont President Daniel Fogel said such a scholarship program would be instrumental in helping keep students in Vermont. He called the idea "transformative and innovative."

But there may be some roadblocks. Sen. Susan Bartlett, D-Lamoille, head of the powerful Senate Appropriations Committee, said she was not inclined to spend the tobacco settlement money on a program unrelated to health care or smoking cessation.

The rest of the governor's agenda was little more than a retooling of the path he has trod over the last three years. He pushed again for a civil commitment law that would keep sexual offenders in custody even after their sentences are served.

He called for a plan to increase affordable housing. And he stressed the need for his plans to make health insurance more affordable and planning for the state's energy future.

The Democrats, meanwhile, made it clear that they were not abandoning their push for a fundamental change in the state's health care system.

"We believe all Vermonters should have access to affordable health care," Symington said. "This issue is not simply about the uninsured. It's about the anxiety our unsustainably expensive health care system creates for Vermonters. And it's about the crushing burden health care costs pose on our businesses, our school budgets and our state budget."

She also said that taking steps to "ensure an affordable, safe, clean and reliable energy future for our homes and businesses" needs to be a priority. "Many Vermonters already have a taste of double-digit rate increases," she said.

The governor, to be sure, paid some attention to health care and energy — even alluding to Thursday's decision by lawmakers and the Agency of Human Services to help thousands of senior citizens get their state-sponsored prescription drug coverage back.

He also spent considerable time talking about fostering the development of

environmentally connected businesses, and about involving the state's colleges and universities more integrally into Vermont's economic future.

But he underscored almost everything else in his speech by saying the Vermont way of life is threatened by the state's aging population, shrinking number of qualified employees and disappearing young families.

"Let us advance an agenda of affordability for all Vermonters so that this generation and all those that follow may enjoy the blessings of our magnificent state and the promise of Vermont," he said.

"As I look ahead, I am increasingly optimistic. My vision for Vermont remains, at its core, one of hope and opportunity."